

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

FILED

AUG 31 2016

U.S. DISTRICT COURT
EASTERN DISTRICT OF MO
ST. LOUIS

UNITED STATES OF AMERICA,

Plaintiff,

v.

ASMEROM KELETA (a.k.a. ACE),
MIYOSHI LEWIS, and
TEKLOM PAULO (a.k.a. TEK),

Defendants.

4:16CR388 RLW/SPM

INDICTMENT

Introductory Allegations:

1. During the calendar years 2011, 2012 and 2013, U-City Tax Service (UCTS) was a tax return preparation business located at 8503 Olive St., University City, Missouri, within the Eastern District of Missouri.
2. During the calendar years 2012 and 2013, the above defendants and others, worked at UCTS and prepared false tax returns. The defendants and others also filed or caused to be filed these tax returns by electronic transmission.
3. During the calendar years 2011, 2012, and 2013, defendant **ASMEROM KELETA (KELETA)** was the owner of UCTS.
4. During the calendar years 2011, 2012, and 2013, defendant **KELETA** provided training to new employees of UCTS regarding how to prepare federal income tax returns. **KELETA** also prepared federal income tax returns at UCTS.
5. The Earned Income Credit, the Additional Child Tax Credit, and the American Opportunity Credit were and are refundable federal income tax credits that could reduce the amount of federal income tax

owed, and could result in the issuance of a refund check when the credits exceed the amount of federal income taxes owed.

6. The Education Credit and the Child Tax Credit were and are non-fundable income tax credits that could reduce the amount of federal income tax owed.

7. A Schedule C was and is a form filed with an individual federal income tax return to report income or loss generated from that individual's solely owned business.

8. The Internal Revenue Service (IRS) is an agency of the United States within the Department of Treasury of the United States responsible for enforcing and administering the tax laws of the United States.

9. The federal income tax system of the United States of America relies upon citizens, including those individuals engaged in the profession of preparing income tax returns, to truthfully, accurately, and timely report income and expense information to the IRS.

Count 1
(Conspiracy)

The Grand Jury Charges:

10. The Grand Jury realleges and incorporates by reference Paragraphs 1 through 9 as if fully set forth herein.

11. Beginning in at least January 2012 and continuing until at least April 2013, in Saint Louis County, within the Eastern District of Missouri, the defendants,

**ASMEROM KELETA (a.k.a. ACE),
MIYOSHI LEWIS, and
TEKLOM PAULOS (a.k.a. TEK)**

unlawfully and knowingly combined, conspired, and agreed with each other to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful functions of the IRS in the ascertainment, computation, assessment, and collection of revenue, particularly, their customers' personal income taxes, all in violation of 18 U.S.C. §371.

Manner and Means of the Conspiracy

12. It was part of the conspiracy that, over the course of the years 2012 and 2013, the defendants and others prepared and caused to be prepared, and filed and caused to be filed, more than 1,100 federal income tax returns for UCTS customers.

13. It was further part of the conspiracy that the defendants prepared fraudulent federal income tax returns for customers of UCTS, some of which contained false Schedule C business income and false wage income, which fraudulently inflated earned income credits and additional child tax credits.

14. It was further part of the conspiracy that the defendants prepared fraudulent federal income tax returns for customers of UCTS, some of which contained false education expenses and false fuel expenses.

15. It was further part of the conspiracy that the defendants, in preparing their customer's false income tax returns, often misidentified the actual return preparer to conceal their participation in the scheme.

16. It was further part of the conspiracy that the defendants did not provide their customers with copies of the income tax returns they filed with the IRS.

17. It was further part of the conspiracy that the defendants prepared false and fraudulent income tax returns for each other's customers.

18. It was further part of the conspiracy that the defendants typically maintained control over the customer's refunds by transporting or accompanying customers to a nearby check-cashing business to cash their falsely inflated tax refund checks, and demanded from the customers a portion of the cashed refund check in addition to tax preparation fees that the defendants and others had already taken.

19. It was further part of the conspiracy that the defendants also filed false and fraudulent personal tax returns.

Overt Acts of the Conspiracy

20. In furtherance of the conspiracy, and for the purpose of bringing about its unlawful objectives, the defendants committed and caused to be committed overt acts in the Eastern District of Missouri, including, but not limited to, the following acts:

a. On or about April 10, 2012, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a U.S. Individual Income Tax Return, form 1040 (Form 1040), for calendar year 2011 on behalf of E.G. which falsely reported fuel expenses for off-highway business use.

b. On or about March 6, 2012, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of S.R. which falsely reported fuel expenses for off-highway business use and education expenses.

c. On or about February 14, 2013, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of P.H. which falsely inflated her Schedule C income.

d. On or about February 16, 2012, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of A.B. which falsely inflated her household help income (HSH), Schedule C income, and educational expenses.

e. On or about January 18, 2012, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of C.M. which falsely inflated her Schedule C income and educational expenses.

f. On or about March 4, 2012, defendant **KELETA** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of M. T. which falsely inflated fuel expenses for off-highway business use and educational expenses.

g. On or about January 26, 2013, defendant **MIYOSHI LEWIS (LEWIS)** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of S.S. which falsely inflated her educational expenses.

h. On or about February 6, 2012, defendant **LEWIS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of K.T. which falsely inflated her HSH.

i. On or about January 17, 2012, defendant **LEWIS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of K.G. which falsely inflated her educational expenses.

j. On or about February 1, 2012, defendant **LEWIS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of C.A. which falsely inflated her HSH, Schedule C expenses, and educational expenses.

k. On or about January 29, 2012, defendant **LEWIS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2011 Form 1040 on behalf of D.J. which falsely inflated her HSH, Schedule C expenses, and educational expenses.

l. On or about January 25, 2013, defendant **TEKLOM PAULOS (PAULOS)** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of A.B. which falsely inflated her HSH.

m. On or about January 25, 2013, defendant **PAULOS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of C.M. which falsely inflated her Schedule C income and educational expenses.

n. On or about February 1, 2013, defendant **PAULOS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of J.J. which falsely inflated her HSH.

o. On or about April 9, 2013, defendant **PAULOS** prepared and caused to be prepared, and electronically filed and caused to be electronically filed a 2012 Form 1040 on behalf of A.K. which falsely inflated his educational expenses and fuel expenses.

All in violation of 18 U.S.C. §371.

Counts 2-7
(False and Fraudulent Income Tax Returns)

The Grand Jury further charges:

21. The Grand Jury realleges paragraphs 1-9 of this Indictment.

22. On or about the dates specified below for each count, in the Eastern District of Missouri, the individual defendant, as specified in the chart below, did willfully aid and assist in, and procure, counsel, and advise in the preparation and presentation to the IRS, of a U.S. Individual Income Tax Return, for the customer, tax year, and tax return specified in the chart below. The tax returns set out below were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the internal revenue laws to claim wages, Schedule C business income and credits as specified in the chart below, whereas the defendant then and there knew the items as reported on the tax returns were false.

Count	Defendant	Date of Filing	Customer	Tax Year	Tax Return	False Item
2	KELETA	2/16/2012	A.B.	2011	1040	Line 12: Schedule C business Line 66; American Opportunity credit
3	KELETA	1/18/2012	C.M.	2011	1040	Line 12:

						Schedule C business Line 66: American opportunity credit
4	LEWIS	1/26/2013	K.G.	2012	1040	Line 12: Schedule C business Line 66: American opportunity credit
5	LEWIS	2/1/2012	C.A.	2011	1040	Line 12: Schedule C business Line 66: American opportunity credit
6	PAULOS	1/25/2013	C.M.	2012	1040	Line 12: Schedule C business Line 66: American opportunity credit
7	PAULOS	4/10/2012	A.K.	2011	1040	Line 70: Fuel credit Line 66: American opportunity credit

In violation of Title 26, U.S.C. §7206(2)

RICHARD G. CALLAHAN
United States Attorney

A TRUE BILL.

Dianna R. Collins #59641MO
Assistant United States Attorney

FOREPERSON